Solicitation No. 1435-02-00-RP-40337
U. S. Department of the Interior
Minerals Management Service
Western Administrative Service Center
Procurement Branch
P.O. Box 25165, MS 2730
Denver Federal Center
Denver, CO 80225-0165

SECTION A

COVER PAGE

The Minerals Management Service (MMS) referred to herein as the Seller – is inviting bids to purchase royalty crude oil (Royalty Oil) produced from Federal leases, located in the Gulf of Mexico for a term of six months. The contract may be extended for six months by mutual agreement of the parties 60 days before the end of the contract.

Bids will be due on September 18, 2000. The sale will be a competitive bidding process, whereby a minimum bid, for each oil type, based on the differentials to index from prices, will be established by MMS. The highest bidder, exceeding or meeting minimum bid, will be notified by phone or e-mail and provided a list of properties from which to choose. After the highest bidder selects their properties, the list of remaining properties will be provided to the next highest bidder. This process is continued until all the oil is selected or the minimum bid threshold is met.

If the minimum bid price is not met, MMS shall have the option to negotiate prices with the highest bidder.

The Seller may terminate the contract by written notice if, after notice and hearing, the agency head or designee determines that the Purchaser, its agent, or another representative colluded with another Purchaser concerning their minimum bids.

The Purchaser may bid on oil types listed in **Section B, Supplies/Services and Prices**, and the Seller will award no more than one contract for purchase of Royalty Oil from each property listed in **Exhibit A, Table of MMS Leases and Delivery Points**. The Seller retains the right to reject any and all bids. In each contract month, Purchaser will report and pay on the delivered volume of the Sellers Royalty Oil at the Point(s) of Delivery. If Purchaser fails to pay for delivered Royalty Oil made available at the Point(s) of Delivery, the Seller may terminate the contract (See Section C, Paragraph C.4, FAILURE BY THE PURCHASER AND PURCHASER LIABILITY).

<u>AUTHORITY</u>. This Notice is published pursuant to the Outer Continent Shelf Lands Act, as amended (43 U.S.C. 1331-1356), the Outer Continental Shelf Lands Act Amendments of 1978, as amended (43 U.S.C. 1331 et. Seq.) and the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.)

Solicitation No: 1435-02-00-RP-40337
Issue Date: August 22, 2000
Bid Due Date: September 18, 2000
Bidders who obtain solicitation off of the Internet are cautioned to check the Internet site for any amendments to the solicitation that may affect the bid requirements.

Address any questions regarding this solicitation to:

For Contract Questions:
Mr. Todd W. Leneau (303) 275-7385; Fax (303) 275-7303; Email – Todd.Leneau@mms.gov

For Technical Questions:
Ms. Theresa Walsh Bayani (303) 231-3043; Fax (303) 231-3219; Email – Theresa.Bayani@mms.gov

Seller will not accept collect telephone calls.

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SECTION A

BIDDER'S CERTIFICATION AND ACCEPTANCE SIGNATURE PAGE

BIDDER'S BUSINESS NAME:____

ADDRESS:____

CORPORATE OR PARTNERSHIP OFFICER:_______________________________

TYPED NAME AND TITLE:____

DATE:____

Having examined the bidding documents, including any modifications to solicitation No. 1435-02-00-RP-40337, the receipt of which is hereby duly acknowledged, we, the undersigned, offer to purchase Royalty Oil in conformity with our bid prices for specific crude types and other information included in **Section B**.

We undertake, if our Bid for a specific crude oil type is accepted, to select leases from **Exhibit A**, a list of leases selected will be attached herewith and made a part of the contract, and to purchase the Royalty Oil in accordance with the provisions in the solicitation.

We will obtain either the Letter of Credit, a Bond, or Self-bonding approval in accordance with the provisions in this solicitation.

We agree to abide by this Bid for a period of 45 days from the date fixed for Bid opening under the Instructions to Bidders, and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

Your Bid, this signed Bidder's Certification and Acceptance Signature page, the MMS notification of award, and the final list of leases that you choose for your winning crude oil type, shall constitute a binding Contract between the Purchaser and the Seller.

We certify that we are a qualified bidder as described in paragraph L.1 of this solicitation and that the information, representations and certifications include herein are accurate and complete.

The making of false statements to the Seller is punishable by a fine of not more that $10,000 and/or not more than five years imprisonment, see 18 U.S.C. 1001.

Dated this______________________ day of ________________________ 19_______.

____ ________________________
Authorized Signature Title

DOCUMENTS TO ACCOMPANY BID: Bidders must submit the following documents with their bids. Seller may reject, as nonresponsive, bids not accompanied by these documents:

1. Section A, Executed Bidder's Certification and Acceptance Signature Page (3 copies, All original signatures)
2. Section B, Bid Prices.
3. Section K - Representations and Certifications (One Copy)
4. List of Bidder's Representatives from Paragraph G.5, Page 15 (One copy)

Section B, Supplies/Services and Prices

Table of MMS Crude Oil Pricing and Bid			
Gulf of Mexico:			
Crude Oil Type	**Delivery Point**	**Reference Price per Barrel**	**Bid**
Light Louisiana Sweet	South Bend, LA	(Koch Posting + Platt's P+)-(Platt's WTI-LLS)	
Heavy Louisiana Sweet	Empire, LA	(Koch Posting + Platt's P+)-(Platt's WTI-HLS)	
Eugene Island	St. James, LA	(Koch Posting + Platt's P+)-(Platt's WTI-EI)	
Mars Blend	Clovelly, LA	(Koch Posting + Platt's P+)-(Platt's WTI-Mars)	
Poseidon	Houma, LA	(Koch Posting + Platt's P+)-(Platt's WTI-Poseidon)	
Heavy Louisiana Sweet	Grand Isle, LA	(Koch Posting + Platt's P+)-(Platt's WTI-HLS)	
Texas Gulf Coast	Texas City, TX	(Koch Posting + Platt's P+)-(Koch Posting-Koch UTGC Posting)	

SECTION C

TERMS AND CONDITIONS OF OIL SALES AND PURCHASE

C.1. DEFINITIONS

API means the American Petroleum Institute.

Audit refers to any review, conducted in accordance with generally accepted accounting and auditing standards, of royalty payment compliance activities of lessees or other interest holders who pay royalties, rents, or bonuses on Federal and Indian Leases, and, as used herein, refers to such review of Purchaser's compliance with the provisions of this Contract.

Barrel means 42 U.S. gallons of 231 cubic inches per gallon corrected to 60 degrees Fahrenheit.

Bond means a Royalty-in-Kind Contract Surety Bond (Form MMS-4072) with no modifications. The bond must be issued by a qualified surety company that is approved by the Department of the Treasury (see Department of the Treasury Circular No. 570, revised periodically in the Federal Register).

Contract means this solicitation No. 1435-02-00-RP-40337, immediately after it has been fully executed and accepted by Bidder and the MMS, and includes any amendments or revisions thereto, between the Parties, and constitutes an obligation which, with due consideration, is enforceable by law.

Contracting Officer (CO) is a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes the authorized representative of a CO acting within the limits of his or her authority, as delegated by the CO, except as otherwise provided in this contract.

Contracting Officer's Technical Representative (COTR) is that person named to administer day-to-day technical contracting matters.

Crude Oil means a mixture of hydrocarbons that existed in the liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities and is marketed or used as such.

Day, Month, and Year mean respectively, calendar day, calendar month, and calendar year, unless otherwise specified.

EDQ Means equal daily quantities.

EI (Eugene Island) means the arithmetic average of the daily high and low price quotes for "Eugene Island" for Platt's Month of Delivery.

Force Majeure means, except for payment due hereunder, either party hereto shall be relieved from liability for failure to perform hereunder for the duration and to the extent such failure is occasioned by war, riots, insurrections, fire, explosions, sabotage, strikes, and other labor or industrial disturbances, acts of God or the elements, Sellers' laws, regulations, or requests, acts in furtherance of the international Energy Program, disruption or breakdown or production or transportation facilities, delays of pipeline carrier in receiving and delivering crude oil tendered, or by any other cause, whether similar or not, reasonably beyond the control of such party. Any such failures to perform shall be remedied with all reasonable dispatch, but neither party shall be required to supply substitute quantities from other sources of supply. Failure to perform due to events of Force Majeure shall not extend the terms of this Agreement.

HLS (Heavy Louisiana Sweet) means the arithmetic average of the daily high and low price quotes for "HLS" for Platt's Month of Delivery.

Irrevocable Letter of Credit (ILOC) means a Royalty-in-Kind Letter of Credit (Form MMS-4071) with no modifications. The letter of credit must be a written commitment by a federally insured financial institution to pay all or part of the stated amount of money until the expiration date of the letter upon presentation by the Sellers (the beneficiary) of a written demand therefor. Neither the financial institution nor the Bidder/Purchaser can revoke or condition the Letter of Credit.

Koch Posting means Koch Oil Company's posting for West Texas/New Mexico Intermediate, deemed 40 degrees, EDQ for the Physical Month of Delivery.

LLS (Light Louisiana Sweet) means the arithmetic average of the daily high and low price quotes for "LLS" for Platt's Month of Delivery.

Lease refers herein to any contract, profit-share arrangement, joint venture, or other agreement issued or approved by the Seller for the exploration for, and development of, the extraction of, or removal of crude oil from Federal lands in the Gulf of Mexico.

Leaseholder means a company, corporation, partnership, association, person or other entity with whom the Seller has contracted to, explore for, produce, handle, deliver, and/or market Royalty Oil owned by the Seller as its royalty on production from or attributable to Seller's Leases.

MMS' Lessee is that party through Federal lease ownership which has entered into a Lease with the Seller, or which owns operating rights in such a Lease, as defined herein. The activities referred to in this document as being performed by the Lessee can be performed by the operating rights owners on behalf of the Lessee.

Marketable condition means lease products which are sufficiently free from impurities and otherwise in a condition that they will be accepted by a purchaser under a sales contract typical for the field or area.

Mars Blend means the arithmetic average of the daily high and low price quotes for “Mars” for Platt’s Month of Delivery.

Operating Rights means the interest created out of a lease authorizing the holder of that right to enter upon the leased lands to conduct drilling and related operations, including production of oil or natural gas from such lands in accordance with the terms of the lease. A record title owner is the owner of operating rights under a lease except to the extent that the operating rights or a portion thereof have been transferred from record title.

Parties mean the Seller and the Purchaser.

Physical Month of Delivery means the calendar month during which the delivery of crude oil occurs.

Platt’s means Platt’s Oilgram Price Report

Platt’s Month of Delivery means Platt’s quotes from the twenty-sixth day of the month two months prior to the physical month of delivery through the twenty-fifth day of the month one month prior to the physical month of delivery (excluding weekends and holidays).

Point(s) of Delivery means the point of royalty determination or royalty measurement point approved by the jurisdictional office of the Minerals Management Service. It is the point at which Seller’s Lessee is to make available to the Purchaser, and Purchaser is required to take Royalty Oil described in this document.

Poseidon means the arithmetic average of the daily high and low price quotes for “Poseidon” for Platt’s Month of Delivery.

Posted price means the price specified in publicly available posted price bulletins, or other price notices net of all adjustments for quality (e.g., API gravity, sulfur content, etc.) and location for oil in marketable condition.

P+ (Posting Plus) means the arithmetic average of the daily high and low price quotes for “P-Plus WTI” for Platt’s Month of Delivery.

Pre 1969 means leases issued before October 1969.

Property means a Federal lease or a Federal pooling agreement for which the Seller is inviting bids for Royalty Oil. Numerous Federal leases may contribute to pooling agreements.

Purchaser means the bidder to this solicitation whose bid is accepted by the Seller and who is a purchaser of Royalty Oil subject to the provisions of this Solicitation No. 1435-02-00-RP-40337.

Royalty Oil means that portion of crude oil produced from or attributable to the properties listed in this document to which the Seller is entitled to as the royalty percentage of the production from or attributable to said Leases.

TXG (Texas Gulf Coast) means the arithmetic average of the daily high and low quotes for "TXG" for Koch's Month of Delivery.

Transporter means principally the pipeline or trucking company receiving delivery of Royalty Oil at the Point(s) of Delivery, but may mean any upstream or downstream pipeline transporter, as dictated by context.

Underpayment means payment for less than the full price or for less than the full volume of Royalty Oil actually delivered to the Purchaser. Underpayment does not result from the under-delivery of Royalty Oil to the Purchaser by the Sellers' Lessees.

WTI (West Texas Intermediate) means the arithmetic average of the daily high and low price quotes for "WTI" for Platt's Month of Delivery.

C.2. GENERAL TERMS

C.2.1. Purchaser and the Seller agree that one hundred (100) percent of the Royalty Oil made available by Seller's Lessees at the Point(s) of Delivery will be purchased and taken by Purchaser at the Point(s) of Delivery. Unless otherwise specified, all crude oil will be physically delivered by the lessees at MMS's expense to the delivery points identified in **Section B** for sale by MMS to the Purchaser at such delivery points. The Purchaser will be responsible for transportation from the designated delivery point. Lessees shall be deemed to be in exclusive control and possession of said Royalty Oil prior to the time of delivery to the Purchaser, and, if taken at the Point(s) of Delivery, the Purchaser shall be deemed to be in exclusive control and possession of said Royalty Oil thereafter.

C.2.2. The Seller shall not be liable for consequential, incidental, special or punitive damages or losses which may be suffered as a result of the failure to make available or take the Royalty Oil hereunder.

C.2.3. As stated in RIK regulation 30 CFR § 208.8 (b), the lessee shall deliver royalty oil from Section 8 offshore leases issued before October 1969 and Section 6 offshore leases at a delivery point to be designated by the lessee. Purchasers who are unable to make satisfactory delivery arrangements with the lease operator will have to drop the lease(s) from their contracts as MMS cannot force delivery of the oil from these leases to any specific delivery point.

C.2.4. The Purchaser shall hold the Seller and its Lessees harmless for all costs and penalties, including any which may be assessed or imposed by a Transporter against Purchaser at or after the Point(s) of Delivery, including without limitation purchases or sales of imbalance quantities of crude oil at unfavorable prices. The Seller shall not hold the Purchaser responsible for any costs and penalties which may be assessed against the Seller prior to the Point(s) of Delivery.

The Purchaser and the Seller's Lessees shall work with each other and with the Transporter to verify delivery and receipt of Royalty Oil on a timely basis.

It is specifically agreed that there are no third party beneficiaries to this contract, and that the contract shall not impart any rights enforceable by any person, firm, organization, or corporation not a party hereto.

C.2.5. The Purchaser shall not assign any of the rights awarded under this solicitation and contract without having prior written approval from MMS.

C.3. NOTIFICATION OF ROYALTY OIL AVAILABILITY AND PURCHASER ACKNOWLEDGMENT

Purchaser is authorized and required to communicate with Seller's Lessees to the extent practicable and consistent with industry practice regarding crude oil availability. The Seller's Lessees will be required to provide to Purchaser initial estimates of Royalty Oil available during the month preceding the start of the contract term. The Sellers' Lessees will also be required to notify the Purchaser of any changes in Royalty Oil availability during the contract term, consistent with industry practice.

C.4. FAILURE BY THE PURCHASER AND PURCHASER LIABILITY

If the Seller identifies an underpayment by the Purchaser, the Purchaser will be notified and granted 15 days to pay or demonstrate to the MMS that underpayment does not exist. Beyond the 16th day, for the MMS as affected, may choose to call on the letter of credit or bond for the underpaid amount, if the reasons for the underpayment are other than a Force Majeure occurrence. The Seller may choose to terminate the contract when the cumulative underpaid amount exceeds 50% of the amount of the letter of credit or bond.

C.5. PURCHASER LIABILITY

C.5.1. <u>Purchaser Liability for Bid Value of Royalty Oil</u>. Notwithstanding contract termination pursuant to C.4, the Purchaser shall be liable for the bid value of one hundred percent (100%) of the Royalty Oil delivered to it by Lessees including oil made available but not taken by the Purchaser. In the event that any Royalty Oil not taken is sold to a third party at a price below the Purchaser's bid price, the Purchaser will be liable for the difference between the price received by the MMS and the Purchaser's bid price and if the oil not taken is not sold during the month of delivery, the Purchaser will be liable for the full bid value of the oil. Administrative costs and other expenses the MMS incurs as a result of obtaining another buyer for the oil for which the Purchaser contracted will also be due to the MMS. The Purchaser shall pay all amounts due within 7 calendar days after deemed receipt of an invoice. Any disagreement with respect to the amount of such payment due the MMS will be deemed a dispute and will be decided by the Contracting Officer.

C.5.2. Liability for Transporter Penalties. The Purchaser shall be liable for any pipeline penalties imposed as a result of the Purchaser's breach.

C.6. DELIVERY VARIANCES TO PURCHASERS BY MMS' LESSEES

The Purchaser shall not be liable for under payments resulting from deliveries by MMS Lessees that vary from the proper monthly royalty volume. In the event that Lessees significantly over/under deliver Royalty Oil to the Purchaser, the Lessees will be responsible for payment to the MMS. Variances that are not significant will be delivered in Royalty Oil volumes to the Purchaser in the next month after identified and resolved with the Lessees.

C.7. AUDIT RIGHTS

The MMS retains the right to adjust the amount of monthly payments due MMS based on contract reconciliation or audits related to volumes taken by the Purchaser. Notwithstanding any other provision herein, MMS or the Purchaser may adjust the price due to mathematical errors in its calculations.

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SECTION F

DELIVERIES OR PERFORMANCE

Contracts will be awarded for purchasing Royalty Oil for a period of six months, commencing on November 1, 2000. The contract may be extended for an additional six months if a mutual agreement between the Purchaser and Seller is accomplished sixty calendar days before the contract expiration date. If a mutually agreeable extension is reached, the contractor shall provide another ILOC or bond, or an extension of the current ILOC or bond within seven calendar days of the date of agreement on the contract extension.

If the contractor has elected to comply with the Self Bond procedure outlined in Section L, Paragraph L.14 of the solicitation document, annual renewal of Self Bond must be accomplished in accordance with Paragraph L.14 of the solicitation document, if the resultant contract will be renewed past one year’s duration.

See also Paragraph G.1, Section G, Contract Administration Data.

SECTION G

CONTRACT ADMINISTRATION DATA

G.1. PERFORMANCE PERIOD

The contract will be for a term of six months. The contract may be renewed for an additional six months, if there is mutual agreement between the Purchaser and Seller accomplished sixty calendar days before the contract expiration date. This shall be documented by a modification to the contract.

G.2. PAYMENT AND REPORTING

G.2.1. Responsibilities of Purchaser. The following reporting and payment requirements are the monthly responsibility of the Purchaser during the term of this Oil Sales and Purchase Contract:

a. Purchaser shall render payment to the MMS in accordance with the procedures at G.2.1.(b) for all Royalty Oil made available to it at the Point(s) of Delivery. The Purchaser is required to make payment to the MMS for all Royalty Oil made available to it by MMS' Lessees, whether or not Purchaser accepts delivery of such oil. The Purchaser will calculate the amount due each month based on the contract bid price made in **Section B, Supplies/Services and Prices** and the Royalty Oil volumes recorded at the Point of Delivery identified in **Exhibit A, Table of MMS Leases and Delivery Points**.

b. The Purchaser will remit the total monthly amount due to the MMS by electronic funds transfer (EFT), under procedures outlined in **Exhibit B, Instruction Guide for Fedwire Deposit System Payments**. Payment must be credited to MMS' account by close of business on the last day of the month following the month of delivery.

In addition, the reporting to MMS will be in accordance with the instructions in **Exhibit C, Reporting Format Instructions**. The MMS will answer any questions over the telephone or by E-mail regarding reporting requirements.

c. Purchaser shall provide access during normal working hours, to any documents of Purchaser, which are pertinent to the contract and Purchaser's obligation to pay Seller. Such records shall be retained for a period of at least seven years after the final reporting and payment date of the contract.

G.3. SET-OFF

The Purchaser shall not reduce payments due hereunder because of any claim against the Seller arising outside of this contract.

G.4. MMS REPRESENTATIVES

Mr. Todd W. Leneau is the Contracting Officer (CO) and can be reached at (303) 275-7385.

Ms. Theresa Walsh Bayani is the Contracting Officer's Technical Representative (COTR), and can be reached at (303) 231-3043.

G.5. PURCHASERS REPRESENTATIVES

Purchasers shall provide the following information with their bid documents:

Bidder's Business Number: Fax Number:
Accounts Payable Rep: Telephone:
Alternate Accounts Payable Rep: Telephone:
Purchaser's Field Rep: Telephone:

SECTION H

SPECIAL PROVISIONS

H.1. NOTICES/CORRESPONDENCE

(a) Any notices shall be in writing, shall include the contract number, and shall be forwarded, prepaid, to the appropriate addresses in (b) below.

(b) Correspondence to MMS shall be to:

(1) For contract matters:
Mr. Todd W. Leneau, Contracting Officer
U.S. Department of the Interior
Minerals Management Service
P. O. Box 25165, MS 2730
Denver Federal Center
Denver, Colorado 80225-0165
PHONE: (303) 275-7385 Email: Todd.Leneau@mms.gov
FAX: (303) 275-7303

(2) For technical matters and ILOC/Bond verification:
Ms. Theresa Walsh Bayani
Contracting Officer's Technical Representative
U.S. Department of the Interior
Minerals Management Service
P. O. Box 25165, MS 3131
Denver, Colorado 80215-0165
PHONE: (303) 231-3043 Email: Theresa.Bayani@mms.gov
FAX: (303) 231-3219

H.2. INDEMNIFICATION

Purchaser shall indemnify and save the Seller and Lessees harmless from and against any loss, expense, liability, or claim of any kind for damage to property of, or for injury to or death of persons which Purchaser, its agents, employees, or personnel intentionally or negligently or otherwise cause, arising in any way from or connected with performance of this contract.

H.3. GOVERNING LAWS AND REGULATIONS

Solely applicable Federal Law and this solicitation hereunder govern the sale of Royalty Oil. The Federal Acquisition Regulations (FAR), 48 CFR, Ch. 1, Pts. 1-53 do not apply to this sale; however, the Seller may use the FAR as guidance in bid solicitation and contract award.

SECTION I

GENERAL PROVISIONS

I.1. WITHHOLDING OF DELIVERIES AND TERMINATION FOR PURCHASER DEFAULT

(a) The Contracting Officer for MMS, without liability to the MMS, may terminate this contract in whole or in part as pertains to each respective interest, by written notice to the Purchaser effective upon such notice being delivered personally to any authorized representative of the Purchaser, being deposited in the United States Postal System, or with an overnight delivery service addressed to the Purchaser at the address shown on the award page in the event:

(1) Purchaser breaches any warranty made herein;

(2) Purchaser fails to take delivery in accordance with the terms of this contract;

(3) Purchaser no longer meets the financial qualifying criteria specified in this Solicitation No. 1435-02-00-RP-40337, as determined by the Seller;

(4) There are instituted by or against Purchaser proceedings in bankruptcy or other insolvency law; or

(5) Purchaser fails to comply with any other term or condition of this contract within 48 hours after the Contracting Officer or their designee, gives telephonic or other oral notice. The Seller will confirm any oral notification in writing.

(b) Seller may cancel in the event that Koch posting, Platt's posting, or Petroleum Argus is no longer available in the calculation of the price, or the contract price can be renegotiated using available pricing tables.

(c) Notwithstanding other provisions of this solicitation, Purchaser shall not be charged with any liability to the MMS under circumstances which prevent Purchaser's acceptance of delivery hereunder due to causes beyond the control and without the fault or negligence of Purchaser, as deemed by the Contracting Officer.

(d) Nothing herein will limit the Seller in the enforcement of any legal or equitable remedy, which it might otherwise have, and a waiver of any particular cause for termination will not prevent termination for the same cause occurring at any other time or for any other cause.

(e) Upon termination of a contract for Purchaser's default, the Contracting Officer may sell or otherwise dispose of the remaining crude oil in an appropriate manner.

Any net loss experienced by the seller, calculated as the difference between the price received for the remainder of the contract period as sold by the Contracting Officer, to include administrative cost and the price that would have accrued had the Purchaser paid for the volumes until the term of the contract expired will be due from the Purchaser.

I.2. TERMINATION FOR THE CONVENIENCE OF THE GOVERNMENT

The Contracting Officer, by written notice, may terminate this contract, in whole or in part, when it is in the Government's interest.

I.3. LIMITATION OF THE SELLER'S LIABILITY

The MMS is not liable for nonperformance due to Force Majeure. In addition, see Section C, Paragraph C.5.

I.4. DISPUTES

(a) For the purpose of this contract, the Contract Disputes Act of 1978 (41 U.S.C. §601 <u>et seq</u>., PL 95-563) is applicable. If a dispute arises, the Purchaser may submit a claim to the Contracting Officer, who will issue a written decision on the dispute. A "claim" is a written request submitted to the Contracting Officer for payment of money, adjustment of contract terms, or other relief requiring a Contracting Officer's decision.

(b) In the case of disputed requests or any amendments to such requests for payments exceeding $50,000, the Purchaser shall certify, at the time of the submission of a claim:

> I certify that the claim is made in good faith, that the supporting data is accurate and complete to the best of my knowledge and belief, and that the amount requested accurately reflects the contract adjustment for which Purchaser believes the MMS is liable.
>
> Purchaser's Name:
> Signature of Certifying Official:
> Title:

(c) The Purchaser shall pay the MMS, as applicable, interest on the amount found due from the date the amount is due until the Purchaser makes payment at the underpayment rate in 30 U.S.C. 1721. The Internal Revenue Service Rate will be used as prescribed in 30 CFR 218.54 and 218.102 .

(d) The decision of the Contracting Officer will be final and conclusive and not subject to review by any forum, tribunal, or MMS agency unless an appeal or action is timely commenced as specified by the Contract Disputes Act of 1978.

(e) Purchaser shall comply with any Contracting Officer decision, and at the Contracting Officer's direction will diligently perform under this contract pending final resolution of any claim, appeal, or action related to this contract.

I.5. GRATUITIES

(a) The Seller may terminate the contract by written notice if, after notice and hearing, the agency head or designee determines that the Purchaser, its agent, or another representative offered or gave a gratuity (e.g., entertainment or gift) to an officer, official, or employee of the Seller and intended to obtain a contract or favorable treatment under a contract.

(b) Any court having lawful jurisdiction may review the facts supporting this determination.

(c) If this contract is terminated under (a) above, the MMS is entitled to pursue the same remedies as in a breach of contract. The Seller may, at it's discretion, terminate this contract without liability, or deduct from the contract price or consideration or otherwise recover the full amount of any commission percentage, brokerage, or contingency fee.

(d) The rights and remedies of the MMS provided in this Article are in addition to any other rights and remedies provided by law or under this contract.

I.6. INTEREST

All amounts due and payable, including interest assessed on late payments, must be paid by the bill due date. Amounts not so paid shall bear interest, computed on a daily basis, from the date due (i.e., date of deemed receipt of invoice) until the MMS receives payment, at the underpayment rate in accordance with 30 U.S.C. 1721.

I.7. EXPORT LIMITATIONS AND LICENSING

Purchasers are subject to all the limitations and licensing requirements of the Export Administration Act of 1969 (83 Stat. 841) in accordance with 10 U.S.C. §7430(e).

I.8. PURCHASER'S RELEASE OF CLAIMS

Purchaser hereby releases the MMS from all claims arising in connection with this contract, except in the case of those federal claims meeting the requirements of the Contract Disputes Act which the Contracting Officer receives prior to the date upon which final payment is due hereunder. Claims not received before such date are forever barred. Supplemental billings and credits issued after the final invoice will not extend the data for submission of claims beyond the final payment date shown on the final invoice.

I.9. IRREVOCABLE LETTER OF CREDIT (ILOC), BOND, OR SELF-BONDING APPROVAL

The winning bidder must provide an ILOC or Bond equivalent to 99 days worth of production on the properties listed in the Purchaser's lease list as stated in paragraph L.13 no later than seven calendar days after contract award. Additional specifics for ILOC or Bond requirements are set out in paragraph L.13. and **Exhibit D, Surety Instruction Posting Instructions**. Or, you must submit your self-bonding request as stated in paragraph L.14 no later than seven calendar days after contract award. Additional specifics for self-bonding are set out in paragraph L.14. Failure to comply with this paragraph may be grounds for termination of the contract.

SECTION J

LIST OF ATTACHMENTS AND EXHIBITS

The following are attached hereto and made part of the documents:

EXHIBIT A: Table of MMS Leases and Delivery Points (Two pages)

EXHIBIT B: Instruction Guide for Fedwire Deposit System Payments (Two pages)

EXHIBIT C: Reporting Format Instructions (One page)

EXHIBIT D: Surety Instrument Posting Instructions (Two pages)

SECTION K

REPRESENTATIONS AND CERTIFICATIONS

K.1. PROHIBITION OF SEGREGATED FACILITIES

(a) “Segregated facilities,” as used in this provision, means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, sex, or national origin because of written or oral policies or employee custom. The term does not include separate or single-user rest rooms or necessary dressing or sleeping areas provided to assure privacy between the sexes.

(b) By the submission of this offer, the Bidder/Contractor certifies and agrees that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The bidder/contractor agrees that a breach of this clause is a violation of the Equal Opportunity clause in this contract.

(c) The Bidder/Contractor shall include this clause in every subcontract and purchase order that is subject to the Equal Opportunity clause of this contract.

K.2. PREVIOUS CONTRACTS AND COMPLIANCE REPORTS

The Bidder represents that --

(a) It ☐ has, ☐ has not participated in a previous contract or subcontract subject either to the Equal Opportunity clause of this solicitation; or

(b) It ☐ has, ☐ has not filed all required compliance reports; and

(c) Representations indicating submission of required compliance reports, signed by proposed sub purchasers, will be obtained before subcontract awards.

K.3. CLEAN AIR AND WATER CERTIFICATION

The Bidder certifies that --

(a) Any facility to be used in the performance of this proposed contract ☐ is, ☐ is not listed on the Environmental Protection Agency (EPA) List of Violating Facilities:

(b) The Bidder will immediately notify the Contracting Officer, before award, of the receipt of any communication from the Administrator, or a designee, of the EPA, indicating that any facility that the Bidder proposes to use for the performance of the contract is under consideration to be listed on the EPA List of Violating Facilities; and

(c) The Bidder will include a certification substantially the same as this certification, including this paragraph (c), in every nonexempt subcontract.

K.4. CERTIFICATION OF TOXIC CHEMICAL RELEASE REPORTING

(a) Submission of this certification is a prerequisite for making or entering into this contract imposed by Executive Order 12969, August 8, 1995.

(b) By signing this offer, the Bidder certifies that --

(1) As the owner or operator of facilities that will be used in the performance of this contract that are subject to the filing and reporting requirements described in Section 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11023) and Section 6607 of the Pollution Prevention Act of 1990 (PPA), the Bidder will file and continue to file for such facilities for the life of the contract the Toxic Chemical Release Inventory form (Form R) as described in Sections 313 (a) and (g) of EPCRA and Section 6607 of PPA; or

(2) None of its owned or operated facilities to be used in the performance of this contract is subject to the Form R filing and reporting requirements because each such facility is exempt for at least one of the following reasons: *(Check each block that is applicable.)*

☐ (i) The facility does not manufacture, process or otherwise use any toxic chemical listed under Section 313(c) of EPCRA, 42, U.S.C. 11023(c);

☐ (ii) The facility does not have 10 or more full-time employees as specified in Section 313(b) (1) (A) of EPCRA, 42 U.S.C. 11023(b) (1) (A);

☐ (iii) The facility does not meet the reporting thresholds of toxic chemicals established under Section 313(f) of EPCRA, 42 U.S.C. 11023(f) (including the alternate thresholds at 40 CFR 372.27, provided an appropriate certification form has been filed with EPA);

☐ (iv) The facility does not fall within Standard Industrial Classification Code (SIC) designations 20 through 39 as set forth in Section 19.102 of the Federal Acquisition Regulation; or

☐ (v) The facility is not located within any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the

United States Virgin Islands, the Northern Mariana Islands, or any other territory or possession over which the United States has jurisdiction.

K.5. DATA UNIVERSAL NUMBERING SYSTEM (DUNS)

The Bidder is requested to insert the Dun and Bradstreet number (DUNS) assigned to the Purchaser's address shown on the solicitation form:______________________________.

K.6. TAXPAYER IDENTIFICATION

(a) Definitions.

"Common parent," as used in this provision, means that corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the bidder is a member.

"Taxpayer Identification Number (TIN)," as used in this provision, means the number required by the Internal Revenue Service (IRS) to be used by the bidder in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

(b) All Bidders must submit the information required in paragraphs (d) through (f) of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the IRS.

(c) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the bidders relationship with the Government (31 U.S.C. 7701(c)(3). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the bidder's TIN.

(d) Taxpayer Identification Number (TIN)

☐ TIN __________________________________.

☐ TIN has been applied for.

☐ TIM is not required because: Choose one of the following:

☐ Bidder is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the U.S. and does not have an office or place of business or a fiscal paying agent in the U.S.;

☐ Bidder is an agency or instrumentality of a foreign Bidder;

☐ Bidder is an agency or instrumentality of a Federal, state, or local Bidder;

(e) Type of Organization.

☐ Sole proprietorship;
☐ Partnership;
☐ Corporate entity (not tax exempt);
☐ Corporate entity (tax exempt);
☐ Government entity (Federal, State, Local);
☐ Foreign government;
☐ International organization per 26 CFR 1.6049-4;
☐ Other ______________________________.

(f) Common Parent.

☐ Bidder is not owned or controlled by a common parent as defined in paragraph (a) of this clause.

☐ Name and TIN of common parent:

Name:

TIN:

SECTION L

INSTRUCTIONS TO BIDDERS

L.1. BIDDER QUALIFICATIONS

Bids will be accepted only from bidders who meet the criteria as described below. Certification as to qualifications is contained in Section A, Bidder's Certification and Acceptance Signature Page.

L.2. ELIGIBLE BIDDERS

L2.1. To obtain a contract award based on Solicitation No. 1435-02-00-RP-40337, the applicant must:

1. Submit bid package by 1:00 p.m. on September 18, 2000.
2. Make lease selections from **Exhibit A** via email or FAX beginning on/about September 19, 2000.
3. Provide a ILOC or Bond equivalent to 99 days worth of production on the properties listed in the Purchaser's lease list as stated in paragraph L.13 no later than seven calendar days after contract award. Additional specifics for ILOC or Bond requirements are set out in paragraph L.13. and Exhibit D. Or, you must submit your self-bonding request as stated in paragraph L.14 no later than seven calendar days after contract award. Additional specifics for self-bonding are set out in paragraph L.14.

Failure to comply with these requirements may result in disqualification from the sale and/or termination of contract award.

Gulf of Mexico:

Applicants will make a bid proposal based on the price per grade of crude oil (i.e., Light Louisiana Sweet, Eugene Island, etc.). This bid proposal must be based on differentials from the following formulas:

Crude Oil Type	**Delivery Point**	**Reference Price per Barrel**
Light Louisiana Sweet	South Bend, La	(Koch Posting + Platt's P+)-(Platt's WTI – LLS)
Heavy Louisiana Sweet	Empire, La	(Koch Posting + Platt's P+)-(Platt's WTI – HLS)
Eugene Island	St. James, La	(Koch Posting + Platt's P+)-(Platt's WTI – EI)
Mars Blend	Clovelly, La	(Koch Posting + Platt's P+)-(Platt's WTI – Mars)

Poseidon	Houma, La	(Koch Posting + Platt's P+)-(Platt's WTI – Poseidon)
Heavy Louisiana Sweet	Grand Isle, La	(Koch Posting + Platt's P+)-(Platt's WTI – HLS)
Texas Gulf Coast	Texas City, TX	(Koch Posting + Platt's P+)-(Koch Posting-Koch UTGC Posting)

(For definitions see Section C, Terms and Conditions, Paragraph C.1., Definitions.)

The high bidder for each crude oil type will select leases from **Exhibit A** of that crude until the crude type is exhausted. The next high bidder per crude oil type will then select other leases of that crude and so on until the crude oil type is exhausted or minimum bid thresholds have been met. All other crude oil types will follow this scenario.

The offshore royalty oil is to be sold by oil type. Applicants participating in the sale offering will select oil from the available leases shown in **Exhibit A**.

L.2.2. Exhibit A, Table of MMS Leases and Delivery Points, contains a listing of properties for the crude oil packages for which Royalty Oil is available for purchase by qualified bidders. For each property, the table identifies:

- Area/Block
- Lease/Agree
- FMP Number
- Daily Roy, Bbls
- Degree API
- Royalty Rate
- Operator
- Oil Type
- Market Center

Volumes of Royalty Oil shown in **Exhibit A** are estimates based on the most current available data on average daily property production multiplied by the most current tract allocations and royalty rates. The volume represents the Royalty Oil reasonably expected to be available for taking by the Purchaser each month. Production volumes may vary significantly through the term of this contract.

L.3. PREPARATION OF BIDS

(a) Bidders must examine the complete solicitation package, including the specifications, schedule, special and general provisions, and must comply with all instructions. Failure to do so may result in a non-responsive bid.

(b) Bidders must ensure that bid packages are complete and that all required supplemental data are attached. Original signatures and fill-in information must be provided on the Bidders Certification and Acceptance Signature Page in Section A.

L.4. SUBMISSION OF BIDS

(a) Bids submitted by telegram, mailgram, electronically or telecopier will not be considered.

(b) Bids may be modified or withdrawn by mail, telegram, or mailgram provided the modification or withdrawal is received at the office designated in (c) below prior to the hour and date specified for receipt of bids.

(c) Bids sent by mail or hand-carried bids, including bids delivered by a delivery service, and modifications sent by mail, telegram, or mailgram must be received at the following address no later than the date and time of September 18, 1:00 p.m. Mountain Time.

(d) Due to official Seller days/hours of operation, the Contracting Officer cannot accept mail, telegrams, mailgrams, or hand-carried items on Saturdays, Sundays, or federal holidays, or any time prior to 7:30 a.m. or after 4:00 p.m., local time.

(e) Bidders shall affix an appropriate label (samples below) to the bid envelope. The outside of the envelope shall be plainly marked with the Bidder's full name and return address.

(Bidder's Name)

(Return Address)

____

Bidders should place the following words on the inside envelope containing bids:

DO NOT OPEN BEFORE 1:00 PM Mountain Time: September 18, 2000, CONFIDENTIAL, to be opened only by the Contracting Officer.

Cautionary note – Regular mail must be addressed to the address listed under (1) the PO Box; the postal service DOES NOT deliver mail to (2) the street address.

Delivery services, such as Federal Express, only deliver to (2) the street address.

Regular mail address:

(1) U.S. Department of the Interior
Minerals Management Service
Procurement Branch (MS 2730)
PO Box 25165, Denver Federal Center
Denver, CO 80225-0165
ATTN: Todd W. Leneau

For hand delivery service, such as FedEx, UPS, etc., the street address is:

(2) U. S. Department of the Interior
Minerals Management Service
Procurement Branch (MS 2730)
12600 West Colfax Ave, Suite C-200
Lakewood, CO 80215
ATTN: Todd W. Leneau

(f) The Bidder must sign the "Bidder's Certification and Acceptance Page" in Section A. Any erasures or other changes must be initialed by the person signing the bid and bids signed by an agent must be accompanied by evidence of his or her authority.

L.5. BID OPENING AND AWARD PROCEDURES

If a bid is successful, the Seller will continue with the sale process by contacting the successful bidder by email or fax for the bidder's lease choices. The bidder will choose from **Exhibit A** the leases under the type of oil for which the bidder was the successful high bid. These choices will be emailed or faxed back to MMS who will verify and send an email or fax confirmation back to the bidder.

A list of the leases will be made and attached to this contract as stated in Section A, Bidder's Certification and Acceptance Signature Page, of this contract. Also, an award sheet, signed by the Contracting Officer, which identifies the oil type, and price(s) which the Seller is accepting, and the leases chosen will be faxed to the successful bidder. A contract will consist of an Award Sheet (properly signed by the Contracting Officer) with a list of the chosen leases from Exhibit A, your bid for oil, and this solicitation. The documents shall constitute the entirety of the contract between the parties.

All bids shall be opened and the total of each bid read by the Contracting Officer. This bid opening will not be a public bid opening. The Contracting Officer will decide which is the highest, most responsible, and responsive bidder for each crude type. The high bidder of each crude oil type will select leases starting on/about September 19, 2000, until the crude type is exhausted. The next high bidder per crude oil type will then select leases of that crude and so on until the crude oil type is exhausted or minimum bid thresholds have been met. All other crude oil types will follow this scenario.

L.6. LATE BIDS, MODIFICATIONS OF BIDS, AND WITHDRAWAL OF BIDS

(a) Any bid received after the exact time specified for receipt will not be considered unless it is received before the decision is made and it:

(1) Was sent by registered or certified mail not later than the fifth calendar day prior to the date specified for the receipt of bids (e.g., a bid submitted in response to a solicitation requiring receipt of bids by the 20th of the month must have been mailed by the 15th or earlier); or

(2) Was sent by U.S. Postal Service Express Mail Next Day Service-Post Office to Addressee not later than 5:00 p.m. at the place of mailing two (2) working days prior to the date specified for receipt of bids. The term "working days" excludes weekends and Federal holidays.

(b) Any modification or withdrawal of a bid is subject to the same conditions as in (a) above.

(c) The only acceptable evidence to establish the mailing date of a late bid, modification, or withdrawal sent by registered or certified mail is the U.S. or Canadian Postal Service postmark on the envelope or wrapper or the original receipt from the U.S. or Canadian Postal Service. If neither postmark shows a legible date, the bid, modification, or withdrawal shall be deemed to have been mailed late. "Postmark" means a printed, stamped, or otherwise placed impression, exclusive of a postage meter impression, that is readily identifiable without further action as having been supplied and affixed on the date of mailing by employees of the U.S. or Canadian Postal Service. Therefore, Bidders should request the postal clerk to place a hand cancellation bull's – eyed postmark on both the receipt and the envelope or wrapper.

(d) The only acceptable evidence to establish the time of receipt at the MMS installation for a bid, modification to a bid, or a bid guarantee, in the form of an LOC submitted by a bank, is the time/date stamp provided by the Contracting Officer at the address specified for the bid opening.

(e) The only acceptable evidence to establish the date of mailing of a late bid, modification, or withdrawal sent by U.S. Postal Service Express Mail Next Day Service-Post Office to Addressee is the date entered by the post office clerk on the "Express Mail Next Day Service-Post Office to Addressee" label and the postmark on the envelope or wrapper and on the original receipt from the U.S. Postal Service. "Postmark" has the same meaning as in paragraph (c) above.

(f) A bid may be withdrawn in person by a Bidder or its authorized representative if, before the exact time set for receipt of bids, the identity of the person requesting withdrawal is established and that person signs a receipt for the bid.

L.7. ACKNOWLEDGMENT OF AMENDMENTS TO SOLICITATIONS

Bidders must acknowledge receipt of any amendment to this solicitation by (a) signing and returning the amendment, or by (b) letter, mailgram, or telegram to the address for mailed bids specified in paragraph L.4(e). The MMS must receive the acknowledgment by the time and at the place specified for receipt of bids.

L.8. CLARIFICATIONS OF SOLICITATION TERMS

Any prospective Bidder must request explanations or clarification of the solicitation, specifications, etc., in writing soon enough to allow a reply to reach all prospective Bidders before bid submission. Oral explanation or instructions given before contract award are not binding on the Seller. The Contracting Officer will provide pertinent information in the form of a modification to the solicitation is such is necessary in submitting bids, or if its lack disadvantages prospective Bidders.

L.9. PROPRIETARY AND CONFIDENTIAL DATA

If Bidder submits any proprietary information, it must be so marked as proprietary and an explanation must be provided for its proprietary nature. All applicable Department of Interior regulations governing proprietary data shall apply. Bid prices are considered confidential and will not be released by the MMS.

L.10. ACCEPTANCE PERIOD

Bids will remain valid for 45 days after the bid opening date.

L.11. INFORMATION REQUESTS

The Seller may make such investigation as it deems necessary to determine the ability of the bidder to make payment and the bidder shall promptly furnish to the Sellers all such information and data for this purpose as the Seller may request. If the bidder does not supply information requested in 5 working days, the Seller may determine the bidder is unresponsive and may disqualify the bidder.

L.12. SELLERS OBLIGATIONS

The Seller does not promise, guarantee, or otherwise obligate themselves to deliver any particular daily/monthly volume of crude oil/condensate. Royalty quantity is entirely dependent upon the production from or allocation to the properties identified in Section B and Exhibit A.

L.13. LETTER OF CREDIT OR BOND

The ILOC or Bond, equivalent to 99 days worth of production, must be submitted to the Contracting Officer no later than seven calendar days after contract award and carry an effective date of November 1, 2000. The amount of the ILOC or Bond shall be calculated as follows: average oil price (Use the appropriate oil type equation for September, 2000 average price), plus the winning bid, multiplied by the estimated daily Royalty Volume, multiplied by 99 days. Before you apply for the ILOC or Bond, please submit the amount you have calculated for the ILOC or Bond to the Contracting Officer's Technical Representative for verification of the MMS properties at the address listed in Section H.

The winning bidder must contact the Contracting Officer to obtain the proper contract number for use on the ILOC or Bond.

The financial institution issuing the ILOC or Bond shall be an entity that has the authority to issue irrevocable letters of credit and whose letter of credit operations are regulated and examined by a federal agency. The letter of credit must be irrevocable and issued for a period of six months from the date of contract award. If an agreement to extend the term of the contract is reached in accordance with Section F, Deliveries or Performance, the purchaser shall provide another ILOC or bond, or an extension of the current ILOC or bond within seven calendar days of the date agreement is reached.

The surety instrument posting instructions are found in **Exhibit D**.

L.14 SELF BOND

The bidder will not be required to submit an Irrevocable Letter of Credit if they can self certify and provide documentation with their bid for the following:

You must request in writing to self-bond. In order to receive approval to self-bond send your written request, along with an audited consolidated balance sheet to:

For Courier Delivery
(not including Express Mail)

Minerals Management Service
RIK Project Team, MS 3131
Denver Federal Center
Bldg. 85, Room A-212
Denver, Colorado 80225-0165

For U.S. Postal Service Mail
(including Express Mail)

Minerals Management Service
RIK Project Team
P.O. Box 5760
Denver, Colorado 80217-5760

Or by email to:

RIK.Project@mms.gov

Your audited consolidated balance sheet may be part of your annual report to shareholders.

To determine financial solvency, MMS will examine your total net worth including, as appropriate, the net worth of your affiliated entities. If your net worth is greater than $300 million, you are presumptively deemed financially solvent and will not be required to post a bond or other surety instrument. You must submit an audited consolidated balance sheet, and tax returns if required, annually. Your financial solvency will be evaluated annually on the date that you first demonstrated financial solvency.

If your net worth, minus the amount we would require as surety, is less than $300 million, you must submit the following along with your request, including your audited consolidated balance sheet:

(1) A written request asking us to consult a business-information or credit-reporting service to determine your financial solvency.

(2) A $50 non-refundable filing fee. Your check must be made payable to MMS and include “Filing Fee” and your TIN in the memo section on your check. This fee must be submitted annually on the date we first determined you to be financially solvent and with each renewal of the contract if you do not meet the $300 million net worth requirement.

(3) In lieu of the above, we may use other criteria similar to that which a potential creditor would use to lend an amount equal to the surety instrument we would require. For example, the business-information or credit-reporting agency must demonstrate your degree of risk as low to moderate. If it is determined that you are financially solvent to our satisfaction, you will not be required to post a bond or other surety instrument. If it is determined that financial solvency was not demonstrated, you will be required to post a bond or other surety instrument for the award of a contract and for each contract renewal period.

SECTION M

EVALUATION PROCEDURES FOR AWARD

M. 1. METHOD OF AWARD

(a) The Contracting Officer is the sole judge as to whether the bids conform to this solicitation as to the Seller's interests and as to the qualifications of the Bidders. The Contracting Officer will award contracts for each crude oil bid that is the highest responsive, responsible Bidder meeting the certification criterion specified in Section A.

(b) The Seller reserves the right to reject any or all bids and to waive minor informalities and irregularities, and to reject any bid offering prices which the Contracting Officer, in his sole discretion, determine to be below fair market value, and/or not in the best interests of the Seller.

(c) The Seller will generally evaluate and select properties to maximize direct revenues to the United States. However, evaluation and award will retain the flexibility to consider administrative savings, even if such award may result in less direct revenues to the Seller; e.g., the cost of administering the contract exceed the revenue received from the sale.

M.2. BID EVALUATION PROCEDURES

In the event there are tie bids the Seller reserves the right to enter into negotiations with the tied bidders to break the tie. In the event negotiations do not break the tie, the Contracting Officer will draw lots to break the tie.

Exhibit A

Area/Block	Lease/Agree	FMP Number	Daily Roy, Bbls	°API	Royalty Rate	Operator	Oil Type	Market Center
WD073	054-001083-0	20170513700	9	32.7	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
WD074	054-001084-0	20170513700	34	32.7	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
WD091	054-001090-0	20170513700	91	32.7	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
WD092	054-001091-0	20170513700	122	32.3	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
SP093	054-001619-0	20170513700	422	32.7	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
SP094	054-001620-0	20170513700	75	32.4	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
MC312	054-002969-0	20170513700	8	32.7	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
MC268	054-002970-0	20170513700	96	32.7	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
SP398	754-389008-0	20170513700	355	32.7	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
WD073b	891-008916-0	20170513700	66	33.3	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
WD073d	891-011674-0	20170513700	13	32.4	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
WD073c	891-011679-0	20170513700	78	32.4	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
WD073e	891-011680-0	20170513700	159	32.4	16.6667%	Exxon Mobil Corporation	HLS	Grand Isle Terminal
ST178	054-012019-0	20171012500	29	47.6	16.6667%	Santa Fe Snyder Corporation	LLS	South Bend
ST179	054-012020-0	20171012500	64	48.0	16.6667%	Santa Fe Snyder Corporation	LLS	South Bend
ST186	054-015323-0	20171012500	117	47.6	16.6667%	Santa Fe Snyder Corporation	LLS	South Bend
EC321b	054-002061-0	20177042202	435	31.8	16.6667%	Marathon Oil Company	LLS	South Bend
EC322	054-002254-0	20177042203	91	33.2	16.6667%	Pioneer Natural Resources USA, Inc.	LLS	South Bend
EC323	054-002255-0	20177042203	130	33.2	16.6667%	Pioneer Natural Resources USA, Inc.	LLS	South Bend
EI354	054-010752-0	20177102609	269	32.9	16.6667%	Apache Corporation	HLS	Empire
ST026d	054-001870-0	20177153400	273	36.2	16.6667%	Energy Partners, Ltd.	HLS	Empire
ST026b	891-016953-0	20177153400	260	36.5	16.6667%	Energy Partners, Ltd.	HLS	Empire
ST026c	891-016953-0	20177153400	14	36.5	16.6667%	Energy Partners, Ltd.	HLS	Empire
SP062b	054-001294-0	20177215100	1,125	37.0	16.6667%	Apache Corporation	HLS	Empire
SP065g	891-012333-0	20177215102	137	29.8	16.6667%	Ocean Energy, Inc.	HLS	Empire
SP070	054-001614-0	20177215114	61	23.5	16.6667%	Ocean Energy, Inc.	HLS	Empire
SP089a	054-001618-0	20177224600	343	39.7	16.6667%	Marathon Oil Company	HLS	Empire
SP089b	054-001618-0	20177224601	227	38.4	16.6667%	Marathon Oil Company	HLS	Empire
SP086	054-005687-0	20177224601	114	38.4	16.6667%	Marathon Oil Company	HLS	Empire
SP087	054-007799-0	20177224602	339	43.3	16.6667%	Marathon Oil Company	HLS	Empire
MP296	891-020238-0	20177245113	140	28.7	16.6667%	OXY USA Inc.	HLS	Empire
VK694	054-013055-0	2017724511B	9	42.6	16.6667%	Santa Fe Snyder Corporation	LLS	Empire
MP259b	754-390012-0	2017724511B	378	43.3	16.6667%	Santa Fe Snyder Corporation	HLS	Empire
MP280	054-016515-0	2017724511G	621	43.6	16.6667%	CNG Producing Co.	HLS	Empire
MP283	054-013662-0	2017724511H	55	45.1	16.6667%	Mobil Oil Expl. & Prod. S. E. Inc.	HLS	Empire
SP060c	754-394018-0	20177255111	2,020	36.3	16.6667%	Vastar Resources, Inc.	HLS	Empire
MP064/065	754-390004-0	20177255300	130	32.8	16.6667%	Howell Petroleum Corporation	HLS	Empire
MP073b	891-020233-0	20177255401	450	31.8	16.6667%	Mobil Oil Expl. & Prod. S. E. Inc.	HLS	Empire
EB158	054-002645-0	20608040150	301	38.6	16.6667%	Union Oil Company of California	TXG	Texas City
EB159	054-002646-0	20608040150	204	37.8	16.6667%	Union Oil Company of California	TXG	Texas City

Exhibit A

Area/Block	*Lease/Agree*	*FMP Number*	*Daily Roy, Bbls*	*°API*	*Royalty Rate*	*Operator*	*Oil Type*	*Market Center*
EB160	054-002647-0	20608040150	46	43.3	16.6667%	Union Oil Company of California	TXG	Texas City
EB161	054-002648-0	20608040150	224	43.0	16.6667%	Union Oil Company of California	TXG	Texas City
EW963	054-013084-0	20608102951	1,328	22.8	12.5000%	Marathon Oil Company	POS	Houma
EW873a	754-395001-A	20608102951	107	22.8	16.6667%	Marathon Oil Company	POS	Houma
GC244*	754-393016-A	20608117000	12,599	37.4	12.5000%	BP Exploration & Oil Inc.	EI/MARS	St James/Clovelly
VK989	054-006898-0	20608165102	415	32.8	16.6667%	BP Exploration & Oil Inc.	HLS	Empire
VK990	054-006899-0	20608165102	3,845	32.8	12.5000%	BP Exploration & Oil Inc.	HLS	Empire
MC027	054-007923-0	20608165102	287	32.8	12.5000%	BP Exploration & Oil Inc.	HLS	Empire
MC072	054-008483-0	20608165102	1,209	32.8	12.5000%	BP Exploration & Oil Inc.	HLS	Empire
MC028	054-009771-0	20608165102	2,629	32.8	12.5000%	BP Exploration & Oil Inc.	HLS	Empire
MC109b	054-005825-0	20608174952	1,037	29.0	16.6667%	BP Exploration & Oil Inc.	HLS	Empire
MC108b	054-009777-0	20608174952	169	28.4	16.6667%	BP Exploration & Oil Inc.	HLS	Empire
	Totals		**33,760**					

* GC244 will not be available until January 1, 2001 because of previous Contract obligations.

(Exhibit B)

United States Department of the Interior
Minerals Management Service

INSTRUCTION GUIDE FOR FEDWIRE DEPOSIT SYSTEM PAYMENTS

All payors must provide specific information to their banks so that a FEDWIRE message can be transmitted to the Minerals Management Service U. S. Treasury account. Your bank may require additional information that is not required by MMS. The transfer message MMS required fields, plus a description of each item on the funds transfer message follows:

FEDWIRE TRANSFER MESSAGE FORMAT

-Field Tag 2000: Amount of Wire - $999,999,999.99(payment amt.)

-Field Tag 3400: Receiver FI - 021030004 TREAS NYC

-Field Tag 3600: Business Function - CTR

-Field Tag 4200: Beneficiary (LINES 1 through 5) - D 14170001
Department of Interior
Minerals Management Service
Accounting & Reports Division
Denver, CO

-Field Tag 4320: Reference for Beneficiary - **Payor Code**, **Fed or Ind**

PAYOR Code - Use the Company assigned MMS number.
FED - For Federal payments.
IND - For Indian payments.

-Field Tag 5000: Originator - Company Name and Address

-Field Tag 6000: Originator to Beneficiary - **PAD**(Payor Assigned Document)No.,amount
Bill number, amount
Indian Fund Code, amount.

Field Tag 6000 - Up to 4 lines of 35 characters each.
PAD - Your document number.
BILLS - Bill Document ID (type & number)followed by amount.
IND Fund Code - Refer to list of alphabetical Tribes & Allottees and include amount(s). (If there is more than one, list each Indian fund code and associated amount.)

(Exhibit B)

Sample Message Format
To Pay **FEDERAL** Royalties

Field Tag 2000	$999,999.00
Field Tag 3400	021030004 TREAS NYC
Field Tag 3600	CTR
Field Tag 4200	D 14170001 Department of Interior Minerals Management Service Accounting & Reports Division Denver, CO
Field Tag 4320	55555, Fed
Field Tag 5000	XYZOO Oil Company 12345 Pleasant Avenue Broncoville, HI
Field Tag 6000	Pad 011199, $111,111.00 Pad 012199, $888,888.00

SAMPLE MESSAGE FORMAT TO
PAY **FEDERAL BILLS**

Field Tag 2000	$19,500.00
Field Tag 3400	021030004 TREAS NYC
Field Tag 3600	CTR
Field Tag 4200	D 14170001 Department of Interior Minerals Management Service Accounting & Reports Division Denver, CO
Field Tag 4320	91022, FED
Field Tag 5000	CHASE Oil Company 5543 New Orleans Avenue San Francisco, NM
Field Tag 6000	BILL 20801243 $1,500.00 TBIL 20904498 $8,500.00 GBIL 30998877 $9,500.00

Exhibit C

Minerals Management Service

Royalty-In-Kind Pilot Program

Royalty Oil and Gas Purchase System

OMB 1010-0118

Expiration date: February 28, 2003

vs 1.0

RIK Oil and Gas Reporting and Payment for:

Example Oil Company Inc.
123 Green Tree Street
Sam City, Ok 74063

Report Month (mmyy):	**1200**
Payment Method Code:	**3**

Federal Payor Code: ____________

Payor Assigned (3a) Document No.: ____________

	MMS
RIK Quantity	1,712
RIK Value	$42,807.63

Create Electronic Reports:

MMS-2014 Transmittal Letter

MMS-2014 Form

Internal Disk File Name:
a:\Federal.csv

Instructions: Enter the data in the yellow boxes above and below. Once you have ensured that all of the data elements are correct, select/push the "MMS-2014 Transmittal Letter" button to print the Transmittal Letter.
Then select/push the "MMS - 2014 form" button to create the MMS-2014 CSV format file.
The RIK purchase amount due is shown in the green box noted as "RIK Value".
For modifications insert at least two new lines (one with a negative amount of the original line and one for the new line).
Give the new lines a new line code. For example line code B0100 would become B0100M1 and B0100M2.
Insert the proper amount of lines in the 2014 Work Sheet and 2014 sheet.

Line Code	Property Name	Agree/Lease Number	Purchased RIK Quantity	Purchase Unit Price	RIK Value	Gravity ° API	Sales Month	Selling Arrg. Code	Transaction Code	Adjustment Reas. Code.	MMS Roy Pct.	100% Volume
BA100	Agreement	892123435A	1,692.5	$25.00	$42,312.50	23.1	1100	001	01	00	100.00000%	1,692.50
EC101	Federal Lease	054123456A	19.8	$25.00	$495.13	23.1	1100	001	01	00	100.00000%	19.81
		Totals	1,712.3	$25.00	$42,807.63							1,712.31

Certification Statements

The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected by the Minerals Management Service (MMS) to document fulfillment of royalty obligations on minerals removed from Federal lands. We will use this information to maintain and audit lease accounts, and we estimate the burden for reporting electronically is 10 minutes per property per month. Comments on the accuracy of this burden estimate or suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MS 4230, MMS, 1849 C Street, N. W., Washington, DC 20240/ Proprietary information submitted to the U. S. Department of the Interior is protected in accordance with standards established by the Federal Oil and Gas Royalty Management Act of 1982 (30 U. S. C. 1733), the Freedom of Information Act (5 U.S.. 552 (b) (4), and the Departmental Regulations (43 CFR 2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

EXHIBIT D

U.S. DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM

SURETY INSTRUMENT POSTING INSTRUCTIONS
Royalty Oil Sale 1435-02-00-RP-40337

These instructions provide Royalty in Kind purchasers with the Royalty Management Program=s (RMP) requirements for submission of an acceptable surety instrument. Acceptable surety instruments include an Administrative Appeal Bond or an irrevocable Letter of Credit.

Your surety instrument amount must be in the amount equal to 99 days of oil deliveries. Throughout the life of the contract, the amount of surety may be increased when necessary to protect the Governments' interest or decreased if warranted by historical data.

If a purchaser is issued a new contract effective immediately following the completion of deliveries under an existing contract, the purchaser has the option to extend the surety coverage on the old contract to also cover the new contract, rather than submitting a new surety. The surety coverage must be sufficient for the new contract, plus the final closeout of the old contract.

Mail the surety instrument to one of the following addresses:

For Courier Delivery
(not including Express Mail)

Minerals Management Service
Royalty Management Program
Royalty in Kind Section, MS 3131
DFC, Building 85, Room A-212
Denver, Colorado 80225-0165

For U.S. Postal Service Mail Service
(including Express Mail)

Minerals Management Service
Royalty Management Program
Royalty in Kind Section
P.O. Box 5810
Denver, Colorado 80217-5760

BONDS

Use the enclosed Royalty-in-Kind Contract Surety Bond (Form MMS-4072) with no modifications. The bond must be issued by a qualified surety company that is approved by the Department of the Treasury (see Department of the Treasury Circular No. 570, revised periodically in the Federal Register). Form MMS-4072 replaces all previously accepted bond forms.

IRREVOCABLE LETTERS OF CREDIT (ILOC)

Use the ILOC (Form MMS-4071) with no modifications. The ILOC must be effective for a six-month period beginning the first day the royalty oil contract is effective. The ILOC must be issued by a bank that has a minimum Thompson BankWatch rating of the following:

AC@ for an ILOC of less than $1 million
AB/C@ for an ILOC between $1 million and $10 million
“B@ for an ILOC over $10 million

The person submitting the ILOC is responsible for verifying that the bank provides a current rating to RMP. This rating must be submitted with each new or extended ILOC. If the issuing bank=s rating falls below the minimum acceptable level, a satisfactory replacement surety must be submitted within 30 days. If the bank issuing the ILOC chooses not to renew the existing ILOC, it must provide RMP with a notice of its decision not to renew 30 days prior to the ILOC expiration. The company requesting surety for an appeal must provide a satisfactory replacement surety to RMP 14 days before the existing ILOC expires.

If your bank becomes insolvent, RMP will require an immediate replacement surety unless the current ILOC is transferred, in whole, and completely honored by the receiving institution. If a replacement surety is not found, RMP will draw down the total amount due on the existing ILOC.

If you have any questions, please contact the Royalty in Kind Section staff, Royalty in Kind Project Team, at (303) 231-3043 or FAX (303) 231-3219.